

Why Higher Taxes on Smokers Won't Fix Mississippi's Budget Mess

By: Governor Haley Barbour

I came into office knowing full well that the State of Mississippi was in the midst of a budget shortfall of historic proportions. I also knew right away that the problem was not with taxing too little, but with spending too much. Tax revenues in Mississippi over the last 10 years have increased 34%, but spending has increased an incredible 50%!

Mississippi taxpayers have been doing there job. We even learned last week that tax collections for the first quarter of this year alone are some of the biggest in recent memory – almost \$50 million more than expected. That is why I do not believe taxpayers should be punished just because some of their state leaders do not want to make budget choices.

It does not matter to me whether the increased tax is on smoking or something else we don't like people doing. Mississippi needs to control its spending to solve our budget problems and passing a knee-jerk tax increase prevents that.

While the State Senate also stands against tax hikes, the House of Representatives has proposed a cigarette tax hike they claim will provide a “dedicated stream of revenue” for education and Medicaid (you may remember liquor and gaming hailed as such saviors in years past). It is clear to me their rationale is flawed.

One of the biggest questions their proposal raises is this: Is the State of Mississippi for or against people smoking? I am sure the House agrees with me that people should be discouraged from smoking. It is not only unhealthy it costs the state money in Medicaid expenditures. But if the House wants cigarette taxes to be a key revenue stream for education, they need people to keep smoking to keep that revenue going to education. Under their plan, any reduction in smoking would cut school budgets.

Why would you pin the funding hopes of education and Medicaid on the usage of a product you want and expect to decline? Fewer people are smoking every year in Mississippi and nationwide. This is good. But the revenue Mississippi gets from cigarette taxes has declined steadily by 7% in just five years – and increased taxes would expedite that decline even more.

K-12 education funding increases every year, and I believe those increases will continue even without a dubious cigarette tax hike. The debate is simply this: during the worst budget crisis in state history, the State Department of Education has asked for a 15% increase over last year – while the number of students they serve has remain virtually unchanged. The State's entire increase in tax collections will only be 4%. Should we cut Medicaid, law enforcement and everything else so education can have 15% more in one year – or be “fully-funded” as the Department says? Education is Mississippi's top priority, but it is not Mississippi's only priority.

Despite all of the “Chicken Little” rhetoric that is common during budget debates, Mississippi public schools will see an increase in funding over last year, and Mississippi parents will not see drastic cost-cutting measures or any reduction in the quality of the educational experience our children receive.

If state leaders hold firm against tax hikes and face our budget problems head-on right now, we will climb out of Mississippi's budget hole once and for all.